



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 5/9/2006

GAIN Report Number: KS6050

Korea, Republic of

Agricultural Situation

CMA Quota Increase

2006

Approved by:

Susan B. Phillips
U.S. Embassy

Prepared by:

Sunyoung Choi

Report Highlights:

On April 24, 2006, the Ministry of Finance and Economy (MOFE) announced revised 2006 Market Access Quota (MAQ) increases for 13 agricultural commodities including sesame seed, soybean and root crops. The MAQ revisions are intended to reduce imbalances in supply and demand and support the local food processing industry. This revision is effective as of April 25 and will remain in place through out the remainder of 2006. This report also provides an overview of how the Korean Government determines any changes made to the current Market Access Quota.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Seoul [KS1]
[KS]

Overview of how to go about requesting lower tariffs for an agricultural product being imported by Korea:

LAW: Article 71, of the Korean Customs Act, defines tariff rate quotas (TRQ) and identifies the circumstances in which they are applicable. Under Article 71, TRQ's may be used to reduce tariff rates within a specified quota volume. In-quota tariff rates may be reduced to 40 percent of the basic tariff rate when it is necessary to: (a) facilitate the import of specific goods to ensure smooth supply and demand, or to bolster industrial competitiveness, (b) stabilize the domestic price of goods and other goods manufactured using the imported good whose import price rises sharply as a result of existing tariffs, and (c) to correct widely unbalanced tariff rates among similar goods.

POLICY: If there is no domestic production of the imported good the likelihood of a positive response to the requested tariff quota will be higher.

PARTNERS: The domestic industry must petition for the tariff quota. Local end users (food manufacturers) or importers should submit an application for assessment of a tariff quota to the Korean government. The end users may want to work through the Korea Food Industry Association (KFIA). In 1999, KFIA succeeded in getting an 8 percent tariff quota created for almonds. There is no standard form for the application. The application should address the criteria (referred to above) in Article 71.

TIMEFRAME: Theoretically, an application submitted at anytime during the year could result in lower tariffs during the same year. However, in practice, it is unlikely that a request submitted at any point in a year would result in lower tariffs later in the same year unless there was an emergency need to import a product to control surging market prices. Generally, applications are submitted in the last quarter of the year for changes in next year's tariff schedule.

PROCEDURE: The Ministry of Finance & Economy (MOFE) will send a letter out to relevant Ministries in September of each year. The letter will ask the relevant Ministries to collect requests from the respective industries that each Ministry overlooks for any tariff rate quotas. Such notifications of comment gathering are usually put up on the respective Ministry's website but not on MOFE's website. Therefore, the local industry should begin to check with the Ministry that overlooks their industry to see if the comment gathering process has begun and submit their application by the specified deadlines. In the case of food ingredients, the Ministry of Health and Welfare (which oversees the Korean Food and Drug Administration) would likely be the relevant Ministry. After receiving the applications, Ministries review each case and forward their recommendations for accepting or rejecting the applications to MOFE. MOFE coordinates an interagency review of the requests. After receiving feedback from the interagency review, MOFE makes the final determination (usually in accordance with the recommending Ministry's wishes) and includes any resulting TRQ's in the tariff schedule for the next year which is generally released in late December.

As a result of above process, the revised CY 2004 MMA quota amounts as follows:

Commodities Subject to Current Market Access (WTO Appendix Table 1-B) Quota Increase on April 25, 2006

HS Code	Commodity	Tariff Rate (%)		CMA for CY 2006 (Metric tons)		
		In-quota	Out-of-quota	Current (A)	Increase (B)	Total (A+B)
0404.10.1010	Whey powder	20	49.5	54,233	5,500	59,733
0404.10.1090	Whey powder (other)	20	49.5			
0404.10.2110	Modified whey (Lactose removed)	20	49.5			
0404.10.2120	Modified whey (Demineralized)	20	49.5			
0404.10.2130	Modified whey (whey protein concentrated)	20	49.5			
0404.10.2190	Modified whey (other)	20	49.5			
0404.10.2900	Whey Other	20	49.5	14,694	2,136	16,830
0713.31.1000	Mung bean (for seed only)	30	607.5			
0713.31.9000	Other mung bean (excluding for seed)	30	607.5			
0713.32.1000	Red beans (for seed only)	30	420.8			
0713.32.9000	Other red beans (excluding for seed)	30	420.8	10,190,000 1/ A/	107,347 1/	10,297,347 1/
1005.90.1000	Maize (for feeding only)	1.8	328			
1005.90.2000	Maize (for popcorn only)	1.8	630			
1005.90.9000	Other Maize (excluding for seed or feed and popcorn)	3	328			
1103.13.0000	Cereal groats, meal and pellets of corn	3	162.9			
1104.23.0000	Other processed corn (hulled, pearled, sliced or kibbled)	3	167			
1108.12.0000	Corn starch	1.8	226			
0712.90.2092	Of sweet corn (excluding for seed)	3	370	10	50	60
1105.10.0000	Flour, meal and powder of potato	5.4	304			
1105.20.0000	Flakes, granules and pellets of potato	5.4	304	227.4	197.6	425
1108.11.0000	Wheat starch	8	50.9			
1108.19.9000	Other starches (excluding for wheat, corn, potato, manioc and sweet potato)	8	800.3			
1108.20.0000	Inulin	8	800.3	45,692	118,186	163,878
1108.13.0000	Potato starch	8	455			
3505.10.3000	Roasted starch	8	385.7			
3505.10.4000	Pre-gelatinised or swelling starch	8	385.7			
3505.10.5000	Etherified or esterified starches	8	385.7			

HS Code	Commodity	Tariff Rate (%)		CMA for CY 2006 (Metric tons)		
		In-quota	Out-of-quota	Current (A)	Increase (B)	Total (A+B)
3505.10.9000	Other modified starches (soluble starch, roasted, pre-gelatinised or swelling, etherified or esterified starches.	8	385.7			
3505.20.1000	Starch glues	8	201.2			
3505.20.2000	Dextrin glues	8	201.2			
3505.20.9000	Other glues (excluding starch glues and dextrin glues)	8	201.2			
1108.14.0000	Manioc starch	9	455	2,400	18,383	20,783
1108.19.1000	Sweet potato starch	11	241.2	4,376	21,524	25,900
1201.00.9000	Soybean (whether or not broken, excluding for soy bean oil and oil cake)	5	487% or 956 won/kg, whichever is greater	185,787	98,610	284,397
1207.40.0000	Sesame seed	40	630% or 6,660 won/kg, which is greater	6,731	68,269	75,000
1214.90.1000	Fodder roots	5	100.5	600,000 A/	40,000	640,000
1214.90.9090	Other fodder roots	5	100.5			
2308.00.9000	Other vegetable materials and vegetable waste, vegetable residues and by-products for feed	5	46.4			
1702.11.1000	Lactose	20	49.5	9,400	9,100	18,500
1702.19.1000	Other Lactose	20	49.5			
2309.90.2010	Supplementary feeds, chiefly on the basis of inorganic substances or minerals (excluding chiefly on the basis of micro-minerals)	5	50.6	4,171	41,829	46,000
2309.90.2020	Supplementary feeds (chiefly on the basis of flavorings)	5	50.6			
2309.90.2099	Other supplementary feeds	5	50.6			

HS Code	Commodity	Tariff Rate (%)		CMA for CY 2006 (Metric tons)		
		In-quota	Out-of-quota	Current (A)	Increase (B)	Total (A+B)
2309.90.9000	Other preparations of a kind used in animal feeding (excluding feed for dog or cat, mixed feeds and supplementary feeds or feed additives)	5	50.6			

1/ On the basis of corn for feed

A/ Korea's voluntary quota amount. See Gain Report KS 6038.

Source: Ministry of Finance and Economy (MOFE)